

**PG Planned gift tax credit****2005****Attach to Form ND-1 or ND-2**

Name(s) shown on return

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Your social security number

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▶ See instructions on reverse side

**North Dakota qualified nonprofit organization**

Identify below the North Dakota qualified nonprofit organization to which the eligible contribution was made

Name of qualified nonprofit organization		
Address		
City	State	Zip

Identify below the entity administering the planned gift assets, if different from the qualified nonprofit organization

Name of administering entity		
Address		
City	State	Zip

**Qualified planned gift**

1. Identify the method used to make the planned gift. See the instructions for the eligibility criteria. (Fill in the applicable circle)

- |  |   |  |
|--|---|--|
| <input type="radio"/> Charitable remainder unitrust      | <input type="radio"/> Charitable gift annuity       | <input type="radio"/> Deferred charitable gift annuity |
| <input type="radio"/> Charitable remainder annuity trust | <input type="radio"/> Charitable lead unitrust      | <input type="radio"/> Charitable life estate           |
| <input type="radio"/> Pooled income fund trust           | <input type="radio"/> Charitable lead annuity trust | <input type="radio"/> Paid-up life insurance policy    |

2. Date on which qualified planned gift was completed ----- 2 

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**Calculation of credit**

3. Aggregate amount of charitable contribution portion of gifts completed in 2005 tax year ----- 3

4. Maximum contribution eligible for credit ----- 4 **25,000.00**

5. Enter lesser of line 3 or line 4 ----- 5

6. 2005 credit. Multiply line 5 by 20% (.20). Maximum credit allowed is \$5,000 ----- 6

7. Amount of line 6 used to reduce tax in 2005. See instructions. Enter this amount on Form ND-1, line 24, **OR** Form ND-2, Tax Computation Schedule, line 7 ----- 7**Credit carryover to 2006 tax year**

8. 2005 credit carryover balance. Subtract line 7 from line 6 ----- 8

**Adjustment to federal taxable income**

9. Did you use Form 1040 and itemize deductions on Schedule A?

- ☐ **No.** Stop here; you do not have to make an adjustment to your North Dakota taxable income.
- ☐ **Yes.** Enter the amount from Schedule A (Form 1040), line 28 ----- 9

10. Enter the **standard deduction** that you would have been allowed on Form 1040, line 40, had you not itemized deductions on Schedule A (Form 1040) ----- 10

11. Subtract line 10 from line 9. If result is less than zero, enter -0- ----- 11

12. Enter the amount from line 5 ----- 12

13. Adjustment amount. Enter lesser of line 11 or line 12. Enter this amount on Form ND-1, line 4, **OR** Form ND-2, Schedule 2, line 4, **OR** Form ND-2, Schedule 3, line 12, whichever applies ----- 13

▶ Attach a receipt or statement from the qualified nonprofit organization acknowledging its I.R.C. § 501(c)(1) status, the planned gift method used, and the date and amount of the eligible contribution.

## 2005 Schedule PG instructions

### Purpose of form

An individual is allowed an income tax credit on either Form ND-1 or Form ND-2 for making a qualified planned gift to a North Dakota qualified nonprofit organization. *See the instructions to line 1 for what is a qualified planned gift.*

The tax credit is equal to twenty percent of the amount of the qualified planned gift allowed as a charitable contribution deduction under I.R.C. § 170 for the tax year, up to a maximum credit of \$5,000. The credit must be claimed first in the tax year in which the contribution is made, and the unused portion may be carried forward for two tax years.

### Adjustment to taxable income—

North Dakota taxable income must be increased by the amount of the charitable contribution upon which the credit is computed, but only to the extent that the contribution reduced federal taxable income. *See lines 9 through 13 on the schedule for this calculation.*

### North Dakota qualified nonprofit organization

A North Dakota qualified nonprofit organization means an organization that:

1. Is incorporated in North Dakota, or has an established business presence or situs in North Dakota,
2. Is tax-exempt under I.R.C. § 501(c), and
3. Is a charitable donee organization as defined under I.R.C. § 170.

At the top of the schedule, enter the name and address of the North Dakota qualified nonprofit organization to which you gave the qualified planned gift. If a bank, trust company, or other entity holds or administers the qualified planned gift on behalf of the North Dakota qualified nonprofit organization, also enter the name and address of that entity in the boxes provided at the top of the schedule.

### Specific line instructions

#### Line 1

Fill in the circle next to the type of qualified planned gift on which the tax credit is based. To qualify for the credit, the qualified planned gift must consist of an irrevocable charitable contribution to a North Dakota qualified nonprofit organization using one of the following gifting methods:

**Charitable remainder unitrust**—To qualify, both of the following must apply:

1. The trust must be a trust defined under I.R.C. § 664(d)(2).
2. The trust agreement must contain a provision stating that the trust may not terminate, nor may the beneficiary's interest in the trust be given to the North Dakota qualified nonprofit organization, before the earlier of (a) the date of death of the beneficiary or (b) the date that is five years after the date of the contribution.

**Charitable remainder annuity trust**—To qualify, both of the following must be met:

1. The trust must be a trust defined under I.R.C. § 664(d)(1).
2. The trust agreement must contain a provision that states the trust may not terminate, nor may the beneficiary's interest in the trust be given to the North Dakota qualified nonprofit organization, before the earlier of (a) the date of death of the beneficiary or (b) the date that is five years after the date of the contribution.

**Pooled income fund**—To qualify, the trust must be a trust defined under I.R.C. § 642(c)(5).

**Charitable gift annuity**—To qualify, both of the following must be met:

1. The annuity must be a qualified charitable gift annuity as defined for federal income tax purposes.
2. The annuity contract must contain a provision that states the annuitant's interest in the gift annuity may not be assigned to the North Dakota qualified nonprofit organization before the earlier of (a) the date of death of the annuitant or (b) the date that is five years after the date of the contribution.

**Charitable lead unitrust**—To qualify, the arrangement must satisfy the requirements of I.R.C. § 170(f)(2)(B).

**Charitable lead annuity trust**—To qualify, the arrangement must satisfy the requirements of I.R.C. § 170(f)(2)(B).

**Deferred charitable gift annuity**—To qualify, both of the following must be met:

1. The annuity must be a qualified charitable gift annuity as defined for federal income tax purposes.
2. The annuity contract must contain a provision that requires the payment of the annuity to begin within the

life expectancy of the annuitant or of the joint life expectancies of the annuitants, if more than one annuitant, using the actuarial tables applicable to determining the federal charitable income tax deduction on the date of the contribution.

3. The annuity contract must contain a provision that states the annuitant's interest in the gift annuity may not be assigned to the North Dakota qualified nonprofit organization before the earlier of (a) the date of death of the annuitant or (b) the date that is five years after the date of the contribution.

**Charitable life estate agreement**—To qualify, the agreement must satisfy the requirements of I.R.C. § 170(f)(3)(B).

**Paid-up life insurance policy**—To qualify, both of the following must be met:

1. The policy must be a paid-up policy, i.e., all premiums for the policy have been paid, with no more premiums due in the future.
2. The gift of the policy qualifies as a charitable contribution under I.R.C. § 170.

#### Line 3

Enter the aggregate of the charitable contribution portion of all qualified planned gifts completed in 2005. The charitable gift portion is the amount of the qualified planned gift that qualifies as a federal charitable contribution deduction for the 2005 tax year.

#### Line 7

The tax credit allowed for the 2005 tax year may not exceed your tax liability. Enter on this line only that portion of the tax credit on line 6 that you actually use to reduce your 2005 tax liability. For example, if the allowable tax credit on line 6 is \$1,000, but you only need \$400 to reduce your tax liability to zero, enter \$400 on line 7.

#### Line 10

To determine the proper amount to enter on this line, see the instructions to the 2005 Form 1040, line 40.